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COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, February 28, 2003

JOINT PETITION OF

CASE NO. PUC-2002-00228

YIPES ENTERPRISE SERVICES, INC.

and

YIPES TRANSMISSION, INC.

For approval of transfer of control

ORDER GRANTING APPROVAL

On January 10, 2003, Yipes Transmission, Inc. (“Old Yipes”), and Yipes Enterprise Services, Inc. (“New Yipes”) (collectively, the “Petitioners”), completed their joint petition originally filed with the State Corporation Commission (“Commission”) on December 2, 2002. In that joint petition, Old Yipes and New Yipes request approval of transfer of control of Yipes Transmission Virginia, Inc. (“Yipes Virginia”), from Old Yipes to New Yipes pursuant to Chapter 5 of Title 56 of the Code of Virginia.

Old Yipes is a California corporation with headquarters in San Francisco, California. Old Yipes provides scalable Gigabit Ethernet services to customers in major metropolitan markets across the country, including the Washington D.C. area, and provides area networking and high-speed Internet access services. The Ethernet services provided in Virginia are provided through Yipes Virginia. Effective August 2, 2002, Yipes Virginia changed its name to YTV, Inc.

Yipes Virginia is a wholly owned subsidiary of Old Yipes and currently holds authority to furnish local exchange telecommunications services in Virginia pursuant to Certificate of Public Convenience and Necessity No. T-516 granted by the Commission in Case No. PUC-2000-00148 on November 9, 2000. Pursuant to that authority, Yipes Virginia maintains telecommunications facilities in Herndon and Vienna, Virginia, and has other physical assets located in Virginia, which are used to provide telecommunications services in the Commonwealth.

Since April 19, 2002, Old Yipes has been operating under the protection of the Bankruptcy Court for the Northern District of California (“Bankruptcy Court”) pursuant to Chapter 11 of the Bankruptcy Code. Subject to necessary regulatory approvals, New Yipes has agreed to acquire Old Yipes, and Old Yipes has agreed to sell all of its assets, including control over Yipes Virginia. The sale will be accomplished by implementation of the Plan of Reorganization (“Plan”), jointly sponsored by the Petitioners and approved by the Bankruptcy Court on November 8, 2002.

When the Plan is implemented, New Yipes will become a wholly owned subsidiary of Yipes Holdings, Inc. (“Yipes Holdings”), a corporation formed under the laws of the State of Delaware. Yipes Holdings will be owned by a number of institutional investors. The ultimate corporate control of New Yipes will be Yipes Holdings. Yipes Virginia will be a wholly owned subsidiary of New Yipes and an indirect subsidiary of Yipes Holdings.

The Petitioners represent that the transfer of control does not affect the ability of Yipes Virginia to continue to provide telecommunications services in Virginia. Yipes Virginia will continue to provide telecommunications services in Virginia under the same tariffs and operating authority as before.

THE COMMISSION, upon consideration of the joint petition and representations of the Petitioners and having been advised by its Staff, is of the opinion and finds that the transactions, as described herein, involving transfer of control of Yipes Virginia will neither impair nor jeopardize the provision of adequate service to the public at just and reasonable rates and should, therefore, be approved.

Accordingly, IT IS ORDERED THAT:

- 1) Pursuant to §§ 56-88.1 and 56-90 of the Code of Virginia, approval is hereby granted for the transfer of control of Yipes Virginia, as described herein.
- 2) There appearing nothing further to be done in this matter, it is hereby dismissed.